

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of Thursday, December 1, 2016

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Nowak, Commissioner Montgomery and Commissioner Huebsch.

Minutes

The Commission approved the minutes of the open meeting of Friday, November 18, 2016.

5-AE-208 – Application of Wisconsin Public Service Corporation and Wisconsin Electric Power Company for Approval of Affiliated Interest Agreements and Fuel Rate Treatment Related to a Capacity-Only Transaction to Ensure Wisconsin Public Service Corporation Resource Adequacy Requirements in Lieu of Building Additional Generation

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission of behalf of the Commission.

1880-CE-105 – Application of the City of Evansville, as an Electric Public Utility, for Authority to Construct a New 12.47 kV Distribution Line, in the City of Evansville, Rock County, Wisconsin

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission of behalf of the Commission.

6630-RM-102 – Application of Wisconsin Electric Power Company for an Integrated Risk Management Plan for Electric Energy

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission of behalf of the Commission.

6690-RM-101 – Application of Wisconsin Public Service Corporation for an Integrated Risk Management Plan for Electric Energy

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission of behalf of the Commission.

8289-TI-100 – Application of Assist Wireless, LLC, for Designation as an Eligible Telecommunications Carrier

The Commission approved the Notice of Investigation and Request for Comments and directed it be signed by the Secretary to the Commission of behalf of the Commission.

3590-CW-103 – Application of the City of Menomonie, as a Water Public Utility, for Authority to Construct Water Supply Improvements in the City of Menomonie, Dunn County, Wisconsin

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission of behalf of the Commission.

210-WR-105 – Application of the City of Arcadia, Trempealeau County, Wisconsin as a Water Public Utility, for Authority to Adjust Water Rates

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission of behalf of the Commission.

6690-CE-198 – Application of Wisconsin Public Service Corporation for its Electric Distribution System Modernization and Reliability Project

The Commission approved the Order to Reopen and Notice of Investigation and directed it be signed by the Secretary to the Commission of behalf of the Commission.

4220-UR-122 – Application of Northern States Power Company-Wisconsin for Authority to Adjust Electric and Natural Gas Rates

The Commission approved the Final Decision and directed it be signed by the Secretary to the Commission of behalf of the Commission.

6680-SB-139 – Application of Wisconsin Power and Light Company for a Certificate of Authority to Issue and Sell up to \$1 Billion Aggregate Principal Amount of its Debt Securities in One or More Series

The Commission approved the Certificate of Authority and Order and directed it be signed by the Secretary to the Commission of behalf of the Commission.

6630-RM-101 – Application of Wisconsin Electric Power Company for its 2016-2019 Gas Risk Management Plan

The Commission approved the revised natural gas risk management plan filed on behalf of Wisconsin Electric-Gas Operations (WE-GO) through December 31, 2017. WE-GO shall continue to abide by the conditions set forth in the Final Decision in docket 6630-RM-100.

The Commission directed the Division of Energy Regulation to draft an order in this docket consistent with its decision.

6650-RM-101 – Application of Wisconsin Gas LLC for its 2016-2019 Gas Risk Management Plan

The Commission approved the revised natural gas risk management plan filed on behalf of Wisconsin Gas through December 31, 2017. Wisconsin Gas shall continue to abide by the conditions set forth in the Final Decision in docket 6650-RM-100.

The Commission directed the Division of Energy Regulation to draft an order in this docket consistent with its decision.

5-FE-100 – Quadrennial Planning Process II

5-FE-102 – Investigation into Improving Access to the Statewide Energy Efficiency and Renewable Resource Programs in Rural Wisconsin that are Underserved by Broadband Service Providers

Renewable Energy Incentives 2017-2018 Anaerobic Digesters and Rural Program Design and Budget

The Commission discussed the renewable incentives for 2017 and 2018, the anaerobic digester and rural program design and budget and made the following determinations:

1. The Commission approved the renewable energy budget proposed by Chicago Bridge & Iron (CB&I) based upon the estimated remaining balance in the Renewable Loan Fund (RLF) as of October 20, 2016, of \$7,734,140, allocating \$1.1 million in residential incentives in both 2017 and 2018, \$2.1 million in business incentives in 2017, and \$3.4 million in business incentives in 2018. As of December 1, 2016, the balance of the RLF was approximately \$8.6 million with approximately \$710,191 in active pending loans that may or may not close. Additional funds not needed for renewable energy loans in excess of the budgeted amount of \$7.7 million shall be used for renewable incentives in 2018 and be allocated between residential and business incentives proportional to the approved budget.
2. Renewable energy incentives shall be 12 percent of total system costs.
3. Business prescriptive solar photovoltaic incentives shall be available up to a capacity cap of eight kilowatts.

Chairperson Nowak dissented.

4. The management of loans under the Renewable Loan Fund made prior to the discontinuation of the loan program shall continue to be serviced within the existing framework of the Focus program.
5. For the anaerobic digester program, Focus incentives shall be available for the energy-related components of proposed projects (e.g., interconnection, generators, gas conditioning and gas piping and storage), technical assistance resources shall be made available, and applicants shall be encouraged to form consortia with other Focus-eligible utility customers and relevant firms in order to form a functioning hub-and-spoke digester network. While no specific cap on incentives shall be specified, the requested incentives and the applicant's proposed financial contributions to the project shall be considered in the review process.
6. Rural programs shall be included in the existing residential and business Focus portfolios.
7. The rural programs shall be made available to eligible customers in the 591 zip codes defined as primarily rural, including but not limited to those areas of the state slated to receive benefits under the Connect American Fund II (CAF-II) programs or the Alternative Connect America Cost Model (ACAM).
8. The residential rural program offerings may include enhanced energy efficiency kits, Direct Mail Home Energy Pilot, Device and Coaching, Rural Home Performance and Rural Appliance Recycling, each as described generally in CB&I's November 17, 2016, proposal. The kits shall include those co-marketed with Internet Service Providers (ISPs) and include a voucher for new internet service or installation and an energy efficient product voucher or behavioral program that requires internet service. The kits may also include energy efficient products for rural customers who are not eligible for or interested in new internet service. For the ISP-delivered kits, all ISPs in the 591 zip codes, including but not limited to the ISPs awarded funds under CAF-II and ACAM, shall be eligible to partner with CB&I.
9. The business rural program offerings may include ISP infrastructure retrofits, Rural Small Business Support, Enhanced Energy Advisor/Outreach for Mid-Sized Rural Commercial Customers (excluding ISPs), Online Energy Analytics Platform and Rural Customer Outreach and Engagement, as described generally in CB&I's proposal of November 17, 2016.
10. The rural programs shall be screened for cost-effectiveness and separately tracked and included in the overall portfolio cost-effectiveness test.

11. CB&I shall work with Commission staff and the Executive Assistant to the Chairperson to develop a more detailed budget and program description and design for the authorized residential and business rural programs.
12. Funding for the anaerobic digester and rural programs shall be: \$20 million for anaerobic digester program; \$16 million for kits; \$4 million for ISP infrastructure retrofits; \$6 million for other authorized residential and business programs; and \$1.5 million for management, evaluation, measurement and verification.

The Commission directed the Division of Business and Program Management to draft an order in this docket consistent with its discussion.

6690-FR-105 – Application of Wisconsin Public Service Corporation for Authorization to Implement New Electric Rates According to its 2017 Fuel Cost Plan

The Commission discussed the application filed by Wisconsin Public Service Corporation (WPSC) for authorization to implement new electric rates according to its 2017 fuel cost plan and made preliminary determinations, including the following:

1. The Commission accepted the uncontested alternatives for Issues 1, 4, 5, and 9 through 12 identified in the Final Decision Matrix.
2. It is reasonable to incorporate bid adders for off-peak hours for the Port Washington Generation Station, Whitewater, and Fox Energy Center as proposed by WPSC.
3. It is reasonable to reflect the forecasted coal prices less 5 percent for Powder River Basin coal and forecasted prices less 10 percent for Eastern bituminous coal from the non-Wisconsin Electric Power Company and non-WPSC coal generators.
4. It is not reasonable to defer capacity sales from WPSC's 2017 capacity sales revenues.
5. It is reasonable to include an order point specifying that the liquidated damages or refunds, if any, associated with the ReACTTM contract shall be credited against construction work in progress or plant in-service.
6. It is reasonable to incorporate into this decision, the Commission's decision with respect to the Columbia Units 1 and 2 and Edgewater Unit 4 generating units in the Wisconsin Power and Light rate case, docket 6680-UR-120.

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The Commission directed the Division of Energy Regulation to draft an order in this docket consistent with its discussion. The order shall be returned to the Commission for final review and approval.

The Commission adjourned the meeting at 11:59 a.m.

Sandra J. Paske
Secretary to the Commission

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